



Jon M. Huntsman, Jr.
Governor

Gary R. Herbert
Lieutenant Governor

State of Utah

DEPARTMENT OF INSURANCE

D. Kent Michie
Commissioner

State Office Building, Room 3110
Salt Lake City, UT 84114
Telephone: (801)538-3800
Facsimile: (801)538-3829
www.insurance.utah.gov

For Immediate Release:
April 8, 2008

Contact: Jilene Whitby
(801) 538-3803

Utah – The New Frontier for Captive Insurance

Friday, April 15, at 11:00 AM, Governor Jon M. Huntsman, Jr. will cut a celebratory cake welcoming to Utah the 100th Captive Insurance Company, AFS Security Insurance Company. AFS is a self-insured entity of Associated Food Stores, Inc., domiciled in Utah. The celebration will be held at the Utah Capitol Building Board Room #240. In attendance will be The Honorable D. Kent Michie, Commissioner of Insurance, Deputy Commissioner Neal T. Gooch, Donnie Spann, Utah Captive Director, and his staff, as well as service providers who have been instrumental in helping Utah become one of the fastest growing captive insurance domiciles in the world.

In 2004 Utah had two captive companies followed by 14 in 2005, 30 in 2006, and 92 as of year-end 2007. The Utah Captive Insurance Companies Act (Act) was passed in 2003 with additional changes being made during the following years in both rules and statutes. A big boost was the abolishment of premium taxes in 2005. The 2008 legislature amended the Act to provide for the creation of a Special Purpose Financial Captive Insurance Company (SPFC). The amendment authorizes the organization and operation of a SPFC in Utah to facilitate risk securitization transactions and other risk financing structures.

Last month's Business Insurance magazine ranked captive domiciles in the United States and the World. At the end of 2007 Utah ranked #15 in the world and #6 in the United States with a total of 92 licensed captives. Commissioner Michie noted that, "Comparing the growth of the five states who rank ahead of Utah in number of captives, Utah's growth last year was nearly as many as the other five states put together."

In October 2006 the Utah Insurance Department hired Donnie Spann as the first full time Captive Division Director. Since then the application and licensing process has taken only three days to two weeks. At the same time Mr. Spann has taken proactive steps to attract business to Utah by attending numerous conferences and speaking engagements. Several other factors have aided in Utah's dramatic growth. As mentioned before, the elimination of premium taxes, easy access to the Governor, Legislators and the Insurance Department, as well as service providers has made Utah an attractive place for captives.

Utah's stable economy and the hiring of new examiners solely dedicated to the captive program further enhances the attractiveness of Utah as a domicile for captive insurance companies. Success of the Captive Program would have been impossible without the assistance of Deputy Commissioner Neal Gooch and Eric Showgren, the captive licensing analyst. Commissioner Michie's office is always open when meeting potential captive owners.

Usually captive insurers are created by corporations as a way of taking control of their own risks in order to stabilize insurance costs. Based on year 2007 financial statements, the Captive Insurance Division reports captive assets of \$676 million and capital surplus of \$86 million, with net written premiums for 92 captives totaling \$244 million.

We invite all persons interested in forming a captive in Utah, as well as those captive providers who have supported the state, to join with us as we celebrate Utah's 100th captive insurer.

0 0 0